

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

In Re: W.R. GRACE & CO., et al., Debtors.	§ § § § § §	Chapter 11 Jointly Administered Case No. 01-01139 (JKF)
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**FEE AUDITOR'S FINAL REPORT REGARDING
FEE APPLICATION OF PIPER JAFFRAY & CO.
FOR THE TWENTY-FIRST INTERIM PERIOD**

This is the final report of Warren H. Smith & Associates, P.C., acting in its capacity as fee auditor in the above-captioned bankruptcy proceedings, regarding the Twenty-First Interim Quarterly Fee Application of Piper Jaffray & Co. (the "Application").

BACKGROUND

1. Piper Jaffray & Co. ("PJC") was retained as financial advisor to the David T. Austern, Future Claimants Representative. In the Application, PJC seeks approval of fees totaling \$300,000.00 and costs totaling \$2,016.83 for its services from April 1, 2006 through June 30, 2006.

2. In conducting this audit and reaching the conclusions and recommendations contained herein, we reviewed in detail the Application in its entirety, including each of the time and expense entries included in the exhibits to the Application, for compliance with 11 U.S.C. § 330, Local Rule 2016-2 of the Local Rules of the United States Bankruptcy Court for the District of Delaware, Amended Effective February 1, 2001, and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. 330, Issued

January 30, 1996, (the "Guidelines"), as well as for consistency with precedent established in the United States Bankruptcy Court for the District of Delaware, the United States District Court for the District of Delaware, and the Third Circuit Court of Appeals.

DISCUSSION

3. We note that PJC's Letter of Agreement states that the firm is to receive a flat fee of \$100,000.00 per month. It further states that, "...following the initial twelve (12) month period, a fee to be negotiated that is mutually acceptable to the Future Representative and Piper Jaffray, subject to Bankruptcy Court approval, for each month thereafter up through the month of the effective date of a plan of reorganization or termination of this letter agreement, whichever is first." The Order authorizing the retention and employment of PJC was entered on May 8, 2006.

4. We note that in its application, PJC seeks interim allowance of compensation in the amount of \$300,000.00, representing a monthly fee of \$100,000.00 as specified in PJC's Letter of Agreement. For the interim period, PJC states 504.5 hours of time, which computes to an effective hourly rate of \$594.65.


5. We have no objections to, or issues with, the Application, and thus we did not send an initial report to PJC.

CONCLUSION

6. Thus we recommend approval of fees totaling \$300,000.00 and costs totaling \$2,016.83 for PJC's services from April 1, 2006 through June 30, 2006.

Respectfully submitted,

WARREN H. SMITH & ASSOCIATES, P.C.

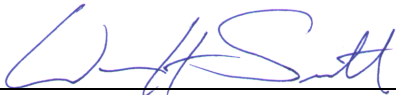
By: 
Warren H. Smith
Texas State Bar No. 18757050

Republic Center
325 N. St. Paul, Suite 1275
Dallas, Texas 75201
214-698-3868
214-722-0081 (fax)
whsmith@whsmithlaw.com

FEE AUDITOR

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document has been served First Class United States mail to the attached service list on this 8th day of December, 2006.


Warren H. Smith

SERVICE LIST

Notice Parties

The Applicant

Joseph J. Radecki
Piper Jaffray & Co.
405 Lexington Avenue
New York, NY 10174

Michael B. Joseph, Esq.
Ferry & Joseph, P.A.
824 Market Street, Suite 904
P.O. Box 1351
Wilmington, DE 19899

The Debtors

David B. Siegel, Esq.
Sr. V.P. and Gen. Counsel
W.R. Grace & Co.
7500 Grace Drive
Columbia, MD 21044

**Counsel to the Official Committee of Personal
Injury Claimants**

Elihu Inselbuch, Esq.
Caplin & Drysdale
399 Park Avenue, 36th Floor
New York, NY 10022

Counsel for the Debtors

James H.M. Sprayregen, Esq.
Kirkland & Ellis
200 East Randolph Drive
Chicago, IL 60601

Marla R. Eskin
Campbell & Levine, LLC
Suite 300
800 N. King Street
Wilmington, DE 19801

Laura Davis Jones, Esq.
Pachulski, Stang, Ziehl, Young & Jones, P.C.
919 North Market Street, Suite 1600
P.O. Box 8705
Wilmington, DE 19899-8705

Official Committee of Equity Holders

Thomas M. Mayer, Esq.
Kramer Levin Naftalis & Frankel
919 Third Avenue
New York, NY 10022

**Counsel for the Official Committee of Unsecured
Creditors**

Lewis Kruger, Esq.
Stroock & Stroock & Lavan
180 Maiden Lane
New York, NY 10038-4982

Teresa K.D. Currier, Esq.
Buchanan Ingersoll & Rooney
1000 West Street, Suite 1410
Wilmington, DE 19801

Michael R. Lastowski, Esq.
Duane Morris & Heckscher
1100 N. Market Street, Suite 1200
Wilmington, DE 19801-1246

United States Trustee

Office of the United States Trustee
Frank J. Perch, Esq.
844 King Street, Suite 2311
Wilmington, DE 19801

Counsel to the Official Committee of Property

Damage Claimants

Scott L. Baena, Esq.
Bilzin, Sumberg, Dunn, Baena, Price & Axelrod
First Union Financial Center
200 South Biscayne Boulevard, Suite 2500
Miami, FL 33131